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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 31, 2001

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

ACCELERATED BENEFITS CORPORATION,	CASE NO. SEC010078
AMERICAN TITLE COMPANY OF ORLANDO,	CASE NO. SEC010079
DR. JESS LaMONDA,	CASE NO. SEC010080
DAVID S. PIERCEFIELD,	CASE NO. SEC010081
JOHN C. YESBECK, Jr.,	CASE NO. SEC010082
TIMOTHY FADOOL,	CASE NO. SEC010083
VINCENT J. MAZZA III,	CASE NO. SEC010084
ROBERT A. SHUE,	CASE NO. SEC010085
DALE T. BUTLER,	CASE NO. SEC010086
MATTHEW C. YESBECK,	CASE NO. SEC010087
JOHN C. GAUSS,	CASE NO. SEC010088
CHRISTOPHER R. WRIGHT,	CASE NO. SEC010089
ANDREW P. MASLICH,	CASE NO. SEC010090
SCOTT ALBERTSON, and`	CASE NO. SEC010091
CHARLES SHOMO,	CASE NO. SEC010092
Defendants	

RULE TO SHOW CAUSE

COMES NOW THE Division of Securities and Retail Franchising ("Division") and alleges as follows:

1. Beginning approximately October, 1995, Accelerated Benefits Corporation ("ABC"), a viatical settlement provider located in Orlando, Florida, offered and sold investments in viatical settlement contracts ("viatical settlements") to residents of Virginia. The investment is evidenced by Purchase Request Agreements through which purchasers contract for the

right to receive from ABC a sum of money equal to a designated percentage of the death benefits payable from one or more life insurance policies on the life of one or more person (known as the viator) who have a catastrophic or life threatening illness or condition in exchange for the performance of certain services by ABC.

2. American Title Company of Orlando, ("American Title") acts as an escrow company on behalf of and at the direction of ABC and is designated the owner of the life insurance policy.

3. Viatical settlements are securities as defined in the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia.

4. Dr. Jess LaMonda is President and principal promoter for ABC. David S. Piercefield is President of American Title and acted as legal counsel to ABC.

5. ABC contracted with licensed insurance agents, John C. Yesbeck, Jr., Timothy Fadool, Vincent J. Mazza III, Robert A. Shue, Dale T. Butler, Matthew C. Yesbeck, John C. Gauss, Christopher R. Wright, Andrew P. Maslich, Scott Albertson, and Charles Shomo ("Agents") to offer and sell viatical settlements to Virginia residents.

6. Agents were not registered to offer or sell securities under the agent registration provisions of § 13.1-504 A of the Act.

7. ABC employed these unregistered Agents in this state in violation of § 13.1-504 A of the Act.

8. ABC and Agents listed above offered and sold unregistered securities in violation of § 13.1-507 of the Act.

9. ABC and Agents provided prospective purchasers with disclosure materials that were used to obtain money by means of an untrue statement of material fact or an omission to state a material fact necessary in order to make the statements made, not misleading, in violation of § 13.1-502 of the Act. Sample pamphlets provided to investors are attached hereto and marked as Exhibit A.

10. The statements that were made by ABC and Agents through materials provided to such Agents by ABC, to obtain money by means of untrue statements and omissions to state material facts necessary in order to make statements made, in light of the circumstances, not misleading in violation of § 13.1-502 of the Act are as follows:

a. Viatical settlements are "guaranteed" without disclosure of the factors that would affect the investments return or disclosure about the accompanying risks of the purchase, both of which are material factors to consider when making an investment decision. The promotional materials state that the investment bears the least amount of risk while

generating the greatest amount of profit in relation to more traditional vehicles.

b. Agents led investors to believe that at the end of the contract term they would receive the contracted dollar amount when in fact investors would not be paid until the viator died and the policy matured.

c. The promotional materials state that the life insurance policies are insured against default, but do not explain to potential investors that any insurance against default does not cover American Title's failure to have the funds available to pay premiums should the viators fail to die within the prescribed period.

d. Nowhere in the promotional materials or in the Purchase Request Agreements did ABC disclose that the investor may be required to pay premiums in order to avoid the lapse of policies; as a matter of fact, the Purchase Request Agreement states "**Purchaser will not incur costs of any type beyond the amount Purchaser tenders as the policy purchase deposit.**" A sample Purchaser Request Agreement is attached hereto and marked as Exhibit B.

e. Investors were told that they were the "**Irrevocable, absolute, Non-transferable, Direct Beneficiary**" and that the investor would receive the death benefit "**DIRECTLY FROM THE**

INSURANCE COMPANY" when in fact the owner and named beneficiary are American Title. See Exhibit A.

f. ABC Investors were passive and ABC handled every requirement for the purchase, management and control of the investment. Investors were not informed of any options concerning the servicing of the viatical settlement and relied totally on ABC to handle the investment. The Purchase Receipt Agreement did not allow for any options, and as matter of fact, the contracts were pre-marked with American Title as the owner of the policy. See Exhibit B.

g. ABC and Agents did not provide any background or information to investors about ABC, its track record, its financial status, or any of the backgrounds of ABC's principals. Nothing was provided to help an investor make an informed investment decision.

h. Beginning in 2001, ABC began soliciting its investors for premium payments. Not only were these potential premium payments not disclosed to investors, but also there is nothing in the Purchase Receipt Agreements that require the investors to make premium payments. In fact, the agreements state the exact opposite. See Exhibit B and Exhibit C.

12. When ABC began soliciting its investors for premium payments they also offered to sell them additional securities in violation of § 13.1-502 of the Act. According to the fourth

page of Exhibit C, ABC states: "The current plan of action is to seek the assistance of a premium finance company or investment group to pay the premiums for those who cannot....If you, or someone you know wishes to participate as an investor (and earn 18% annual return), please let us know."

IT APPEARING that the Division's allegations describe activities that constitute acts made unlawful by the Act, it is therefore,

ORDERED that Defendants appear before the State Corporation Commission, in its Courtroom at 10:00 a.m. on December 11, 2001, and show cause, if any they can, why they jointly or severally should not be penalized pursuant to the § 13.1-521 of the Act and/or permanently enjoined pursuant to §13.1-519 of the Act, and be assessed the cost of investigation pursuant to § 13.1-518 of the Act, on account of the aforesaid alleged violations.

IT IS FURTHER ORDERED that Defendants file on or before September 14, 2001 an original and fifteen (15) copies of a responsive pleading in which expressly admit or deny the allegations contained in the Rule to Show Cause. If each defendant denies any of the allegations, each shall set forth in such responsive pleading a full and clear statement of all the facts which each is prepared to prove by competent evidence that refute the allegations so denied. The Defendants shall each expressly indicate in such responsive pleading whether or not

it/he desires and intends to appear and be heard before the Commission on the scheduled hearing date. The responsive pleading shall be delivered to the Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23219, and shall contain a caption setting forth the style of this case and its case number.

IT IS FURTHER ORDERED that the Defendants shall be in default if they fail to timely file either a responsive pleading as set forth above or other appropriate pleading, or if file such pleading and fail to make an appearance at the hearing; and that if Defendants are in default, they waive all objections to the admissibility of evidence and may have entered against each judgment by default imposing some or all of the aforesaid sanctions.